

STATE FINANCE COMMITTEE  
OLYMPIA, WASHINGTON

September 19, 2000

The State Finance committee met in a special meeting after notice duly given to the press and radio of Thurston County.

Present:               Michael J. Murphy, State Treasurer  
                            Brad Owen, Lieutenant Governor

Also Present:       Allan J. Martin, Office of the State Treasurer  
                            Svein Braseth, Office of the State Treasurer  
                            Shad Pruitt, Office of the State Treasurer  
                            Mike Clarey, Office of the State Treasurer  
                            Gary Moore, Department of Labor & Industries  
                            James Parker, State Investment Board  
                            Rich Struna, Transportation Improvement Board  
                            Kristi Wolgamot, Office of the State Treasurer  
                            Martin Reynoso, Office of the State Treasurer  
                            Suzanne Coit, Office of the State Treasurer  
                            Sue Melvin, Office of the State Treasurer  
                            Mike Roberts, Office of Financial Management  
                            Barton Potter, Office of the State Treasurer  
                            Gretchen Gale, Office of the State Treasurer  
                            Jon Gores, Seattle Northwest Securities  
                            Dean Torkelson, Seattle Northwest Securities  
                            Hugh Spitzer, Foster Pepper & Shefelman  
                            Adam Owen  
                            Darlene DeRose, Montague DeRose & Associates  
                            Rob Shelly, Seattle Northwest Securities  
                            Nancy Adams, Office of the State Treasurer  
                            Jeanne Cushman, Office of Attorney General  
                            Vicki Cox, Office of the State Treasurer  
                            Doug Extine, Office of the State Treasurer

Chairman Murphy called the meeting to order.

Lt. Governor Owen moved the minutes for the July 17, 2000 meeting be approved. Chairman Murphy seconded the motion. The motion passed and the minutes were adopted.

Mr. Martin said proposed Resolution No. 924 accepts the winning bid for the purchase of State of Washington Various Purpose General Obligation Bonds, Series 2001A in the

aggregate principal amount of \$279,525,000; fixing the interest rates and designating serial and term bond maturities for the bonds; all in accordance with Resolution No. 919. Four bids were received at 7:30 a.m.: JP Morgan Securities Inc. submitted a true interest cost (TIC) of 5.5207481%; Salomon Smith Barney submitted a TIC of 5.5359782%; Merrill Lynch Inc. submitted a TIC of 5.5400771%; and PaineWebber Inc. submitted a TIC of 5.5442363%, with JP Morgan Securities Inc. being the apparent winning bid. Mr. Martin explained that Bond Counsel, Mr. Spitzer, was substituting for Mr. Tonkin who was on sabbatical and Ms. Boyle who was delivering a baby.

Ms. DeRose said the rating agencies' visit to our state in August was informative and successful. She said it was beneficial because Standard & Poor's and Fitch rating agencies gave the bonds a rating of AA+, while Moody's gave a rating of Aa1. Mr. Torkelson said all of the bids were good bids and were within the state's guidelines.

Mr. Martin presented proposed Resolution No. 924 to the committee.

Resolution No. 924 providing for the award of sale of \$279,525,000 State of Washington Various Purpose General Obligation Bonds, Series 2001A, authorized by Chapter 14, Laws of 1989, 1<sup>st</sup> Ex. Sess., as amended; Chapter 380, Laws of 1999; and Chapter 39.42 RCW.

Lt. Governor Owen moved to adopt Resolution No. 924. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Martin said proposed Resolution No. 925 accepts a bid for the purchase of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2001B in the aggregate principal amount of \$35,355,000; fixing the interest rates and designating serial and term bond maturities for the bonds; all in accordance with Resolution No. 920. Two bids were received at 8:30 a.m.: JP Morgan Securities submitted a TIC of 5.5164233%, and Merrill Lynch Inc. submitted a TIC of 5.5369654%, with JP Morgan Securities Inc. being the apparent winning bid.

Mr. Torkelson said these were very good bids and the submitted interest rates for the two bonds are virtually identical despite the smaller size of the Series 2001B bonds. Mr. Martin acknowledged the attendance of Mr. Struna of the Transportation Improvement Board. Lt. Governor Owen introduced his son Adam Owen.

Mr. Martin presented proposed Resolution No. 925 to the committee.

Resolution No. 925 providing for the award of sale of \$35,355,000 State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2001B, authorized by Chapter 440, Laws of 1993, as amended; and Chapter 39.42 RCW.

Lt. Governor Owen moved to adopt Resolution No. 925. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Martin said proposed Resolution No. 926 accepts a bid for the purchase State of Washington General Obligation Bonds (State Housing Trust Fund), Series 2001T (Taxable) in the aggregate principal amount of \$26,770,000; fixing the interest rates for the bonds; in accordance with Resolution No. 921. Seven bids were received at 8:00 a.m.: PaineWebber Inc. submitted a TIC of 6.8054533%; BB&T Capital Markets submitted a TIC of 6.8078917%; Salomon Smith Barney submitted a TIC of 6.8997993%; US Bancorp Piper Jaffray submitted a TIC of 6.9080481%; First Security Van Kasper submitted a TIC of 6.8993709%; Griffin, Kubik, Stephens & Thompson submitted a TIC of 6.8761467%; and First Albany Corp. with a TIC of 6.8391738%, with PaineWebber Inc. being the apparent winner. Mr. Torkelson that it was gratifying there were seven bidders on taxable bonds with a shorter life. He said they were very good bids.

Mr. Martin introduced proposed Resolution No. 926 to the committee.

Resolution No. 926 providing for the award of sale of \$26,770,000 State of Washington General Obligation Bonds (State Housing Trust Fund), Series 2001T (Taxable), authorized by Chapter 380, Laws of 1999; and Chapter 39.42 RCW.

Lt. Governor Owen moved to adopt Resolution No. 926. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Martin thanked all involved in the sales for their assistance. Chairman Murphy introduced Mr. Moore, Chair of the State Investment Board and Mr. Parker, Executive Director of the State Investment Board. Mr. Moore stated proposed Resolution No. 927 confirms the re-appointment of Mr. Parker as Executive Director of the State Investment Board for another three year term. Mr. Moore said Mr. Parker has done an exemplary job for the past six years and recommended adoption of proposed Resolution No. 927. Mr. Parker said the State Investment Board staff has done well in all investment classes and he was pleased with their performance.

Mr. Martin introduced proposed Resolution No. 927 to the committee.

Resolution No. 927 reconfirming the appointment of Mr. James F. Parker as Executive Director of the State Investment Board for a term of three years, as provided by RCW 43.33A.100.

Lt. Governor Owen moved to adopt Resolution No. 927. Chairman Murphy seconded the motion and the resolution was adopted.

There being nothing further to come before the committee, the meeting was adjourned at 9:14 a.m.

STATE FINANCE COMMITTEE  
STATE OF WASHINGTON

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Michael J. Murphy, State Treasurer & Chairman

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Gary Locke, Governor & Member

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Brad Owen, Lieutenant Governor & Member

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Allan J. Martin  
Deputy State Treasurer & Secretary